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UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re:

GUILDWORKS, LLC

Debtor.

Case No. 22-30388-thp11

DECLARATION OF MARC  
RICKETTS IN SUPPORT OF FIRST  
DAY MOTIONS

I, Marc Ricketts, declare as follows under penalty of perjury:

1. I am the sole member of Guildworks, LLC (“Guildworks”). Guildworks is the sole owner of Guildworks-Works, LLC (“GWW”). I am the Manager of GWW. (Guildworks and GWW are jointly the “Debtors”). I directed the filing of a petition to commence the Debtors’ bankruptcy cases on March 11, 2022 (the “Petition Date”).

2. Both Debtors were organized on February 12, 2008. I have been the sole person in charge of both since their formation. I am familiar with all aspects of the Debtors’ business operations and financial affairs.

3. Except as otherwise stated, all facts set forth in this declaration are based on my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based on my experience, knowledge and information regarding the Debtors’ operations. If

called upon to testify, I would testify competently to the facts set forth herein.

Financial information contained herein is unaudited.

### **Business Operations and Background**

4. Guildworks is a full-service design, specification, fabrication, and installation company that specializes in fabric architecture, tension structures, and fabric-formed environments. Below is an example of a typical Guildworks outdoor event installation:



5. GWW is the employer of our employees. Guildworks obtains contracts, buys materials, designs installations, receives money, and pays GWW for the costs

of employing our employees. GWW is simply the employer of record for the employees. It has no independent revenue, expenses, or operations other than those attributed to its employees and payments from Guildworks for the costs of those employees.

6. Guildworks is a licensed contractor with the Oregon Construction Contractor's Board. Our other, non-filing subsidiaries, Guildworks-WA and Guildweorks-CA hold contractor licenses in Washington and California, respectively. I describe Guildworks as laboratory at the intersections of art and architecture, intuition and engineering, originality and experience. We design, produce, and install all our own works, always learning and expanding our capabilities and systems. Our signature style comes through dedication to design principles found in nature. We incorporate these with specialized software, custom hardware and frameworks, and advanced architectural fabrics to create robust, elegant, and materially efficient installations and structures.

7. Guildworks initially focused on temporary installations for events, like outdoor concerts, corporate gatherings, art exhibitions and other events where beautiful design and practical protections from sun and wind were desirable.

8. While profitable, the event market is heavily compressed in the summer months, creating large time demands during a limited season. This limits our growth and capabilities as it is difficult to keep valuable employees employed in productive roles during the winter months and causing significant administrative challenges to meet employment requirements during the summer season.

9. Seven years ago, Guildworks started expanding into permanent structures, which provide more of a steady, and less cyclical, work-flow. It also provides for a much larger market base. Currently permanent installations for corporate clients, municipalities, and individuals comprises approximate 50–70 percent of our business revenue and has been growing every year.

**Tort claims, COVID and tax claims**

10. The Debtors need the relief provided by bankruptcy predominantly to address their debts caused by two tort claims and debt that resulted from limited cash flow from events cancellations in 2020 and 2021 due to the COVID pandemic.

11. Two people tragically died while working on a Guildworks project in the summer of 2019. One was a GWW employee, and one was a subcontractor. They were removing rigging from an elevated platform when their boom lift overturned. The estates of both of the decedents have sued a number of parties, including the Debtors, collectively seeking over \$76,000,000 in damages. The Debtor's insurance companies have denied coverage, and the Debtors simply cannot afford to litigate the merits of those cases, as well as the coverage cases against their insurers. If the coverage cases were not successful, then the Debtors would have no ability to pay damages if they were found liable in the tort cases. Bankruptcy is the only feasible way of addressing the tort claims facing the Debtors in an equitable manner.

12. Additionally, the Debtors have significant priority and secured tax debt that needs to be addressed. The repayment of this debt was severely strained by event cancellations in 2020 and 2021 by the COVID pandemic. While an increase

in the number of permanent installations partially offset those cancellations, the loss of 2 years' worth of events has made progress on repaying our old debts very difficult and burdensome.

### **Current Financial Condition**

13. Guildworks is a limited liability company taxed as an association which has elected S-Corp status. As a result, Guildworks is a pass-through entity, and thus all taxable gains and losses are allocated to Guildworks' sole member—me.

14. The tort claimants collectively seek over \$78,000,000 in damages from Guildworks and GWW. As that litigation is ongoing, the claim is unsecured. Guildworks disputes that it is liable for damages due to the tragic loss.

15. Guildworks also owes slightly less than \$600,000 in secured debt to the SBA, Business Impact Northwest and merchant cash advance providers.

16. Additionally, Guildworks owes approximately \$900,000 in past due unsecured priority and non-priority debts to vendors, taxing authorities, and its landlord.

### **First-Day Motions**

#### **Employment Motion Motschenbacher & Blattner LLP (“M&B”) as General Bankruptcy Counsel**

17. It is my understanding that M&B's billing rates are at market rate.

18. M&B has agreed to maintain detailed, contemporaneous time records of expenses incurred. Expenses shall be reasonable pursuant to LBR 2016(b)(2).

19. Compensation and reimbursement of expenses shall be paid as administrative expenses in such amounts as may be allowed by this Court after notice and hearing pursuant to Section 330 of the Bankruptcy code or as otherwise provided by Court order.

### **Payroll Motion and Cash Collateral**

20. GWW employs approximately 14 people (including myself), who are paid on an hourly basis. The companies' revenues are a result of contracts to design and install fabric structures, which are cultivated by the companies' employees to our customers. The Debtors have streamlined operations to the point that productivity is at an all-time high, and our construction employees, through training and development, can execute projects much faster than we were originally able to do.

21. If GWW is unable to pay its employees, the employees will suffer hardship and likely cease working, resulting in a loss of revenue and inhibiting a successful reorganization. If our current employees fail to continue work at GWW, revenue will drop, and our ability to execute new contract and continue work in progress for existing customers will be significantly impaired. Even if we can hire new employees to work on existing contracts, it is my opinion that our productivity will be reduced by more than 50% until new employees can be hired and fully trained. Several of our employees have 5 to 10 years of experience with us, and that training and experience is difficult to find or replicate in others as our industry is very specific.

22. The employment market is very difficult right now due to a variety of factors. It is unlikely that, even with the most aggressive hiring initiatives, we would be able to hire new employees to successfully execute on our current work-in-progress that is scheduled to be delivered during the summer months. Our event-based work is extremely time sensitive, and cannot be delivered late.

23. Exhibit A to Exhibit 1 to the Payroll Motion is the true and correct amount of payroll due to GWW's employees as of the Petition Date. I am an hourly employee, and my pay is included on Exhibit A.

24. I have attempted to obtain credit from other sources. Because we have few hard assets and all of those are encumbered, and because we have large payroll and expense obligations, I am unable to obtain unsecured credit on behalf of the company.

### **Joint Administration Motion**

25. As discussed above, Guildworks and GWW have essentially operated as a consolidated unit since they were formed. Employing the employees with GWW, while contracts are obtained and executed through Guildworks is done solely for accounting and administrative reasons.

26. Additionally, Guildworks and GWW are both named parties in the tort claims and have executed certain joint loan documents. Both companies' assets are allegedly liable for these debts.

27. No intercompany loans have been made between Guildworks and GWW. Guildworks pays the employment costs of GWW as they come due, and there

are no existing obligations due as of the Petition Date. Other than theoretical liability that may exist pursuant to unknown legal claims, I do not believe there is any debtor-creditor relationship between the two entities.

**I DECLARE THAT THE FOREGOING IS TRUE AND CORRECT  
UNDER PENALTY OF PERJURY IN THE UNITED STATES. I  
UNDERSTAND THAT THIS DECLARATION IS BEING USED AS  
TESTIMONY IN COURT.**

Dated: March 18, 2022

/s/ Marc Ricketts  
Marc Ricketts



CERTIFICATE OF SERVICE

I hereby certify that on the date set forth below, a true and correct copy of the foregoing DECLARATION OF MARC RICKETTS IN SUPPORT OF FIRST DAY MOTIONS was provided to all participants of the Court's CM/ECF System.

Dated: March 18, 2022.

MOTSCHENBACHER & BLATTNER LLP

/s/ TROY G. SEXTON

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*Of Proposed Attorneys for Debtor-in-Possession*

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